



(continued)

would be \$402,300,000 (1,200,000,000 KWH x \$0.1395 + 1,200,000,000 KWH x \$0.0945 + 9,000,000,000 KWH x \$0.0135).

4. In fiscal 2003, approximately 11,000,000,000 KWH subject to the tax would be sold on the open market at a price of \$0.080. The tax per KWH on these sales would be \$0.0315 (90% x (\$0.080 - \$0.045)). 9,000,000,000 KWH would be sold by out-of-state utilities at a price of \$0.06 and paying a tax of \$0.0135 per KWH. Collections in fiscal 2003 would be \$468,000,000 (11,000,000,000 KWH x \$0.0315 + 9,000,000,000 KWH x \$0.0135).
5. All revenue from the tax would be deposited in the general fund.
6. The Department of Revenue anticipates significant costs to administer this tax and achieve high compliance. The department would require four additional auditors and one researcher. These FTE would be responsible for creation of reporting forms, writing rules, processing reports, assisting taxpayers, and auditing returns. The department also anticipates significant costs of for litigation, primarily in the first year. This increases administrative costs a total of \$763,399 in fiscal 2002, and \$305,629 in fiscal 2003.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
FTE	5.00	5.00
<u>Expenditures:</u>		
Personal Services	\$285,618	\$286,716
Operating Expenses	<u>477,718</u>	<u>18,913</u>
TOTAL	\$763,399	\$305,629
<u>Funding:</u>		
General Fund (01)	\$763,399	\$305,629
<u>Revenues:</u>		
General Fund (01)	\$402,300,000	\$468,000,000
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	\$401,536,601	\$467,694,371

LONG-RANGE IMPACTS:

This bill terminates July 1, 2005. Collections are projected to be lower in fiscal years 2004 and 2005 as electricity prices gradually fall. Prices are projected to be approximately \$0.070 per kilowatt-hour by the end of fiscal 2005.